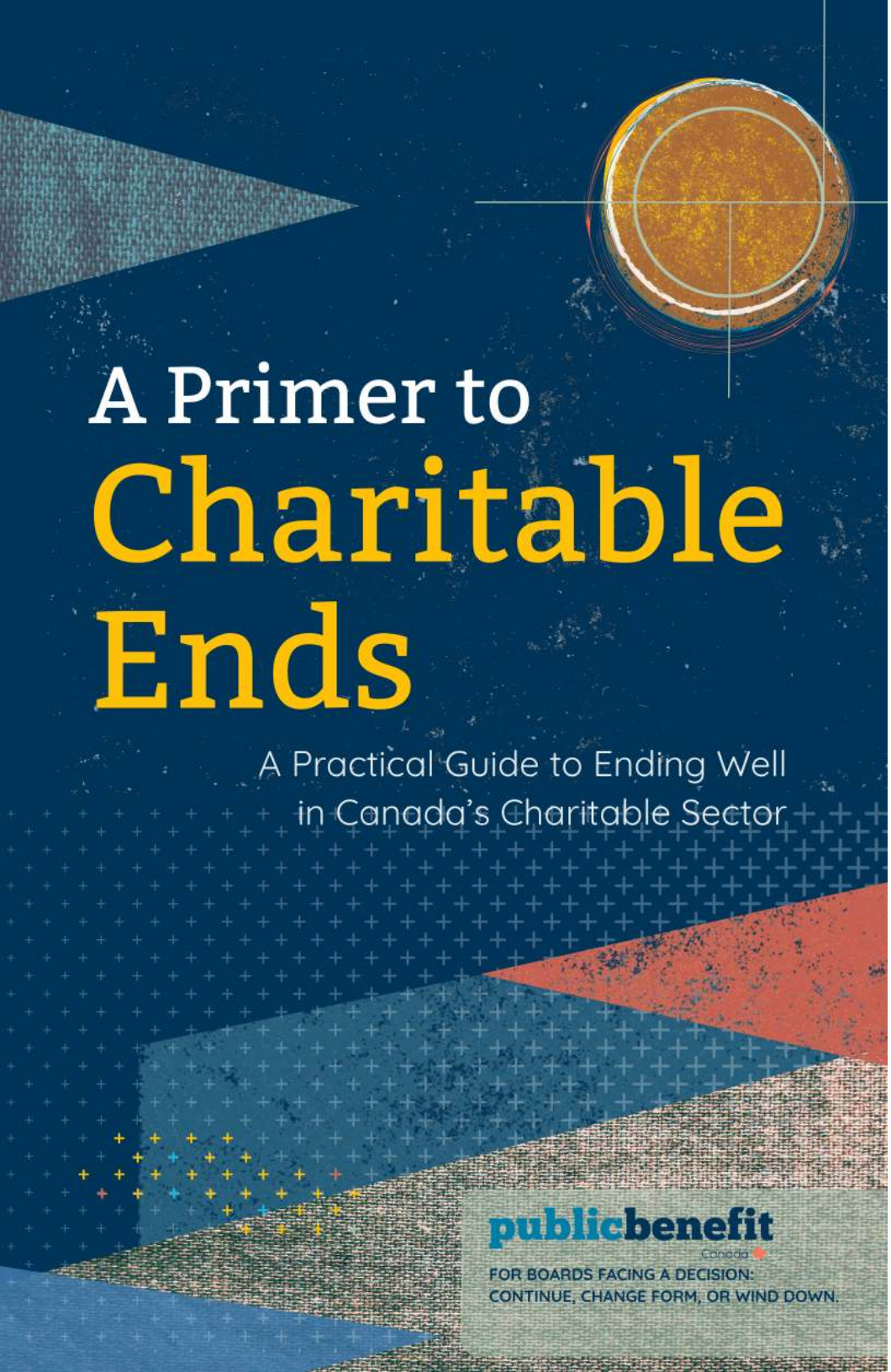



This primer is a short companion to *Charitable Ends: A Practical Guide to Ending Well in Canada's Charitable Sector*. It condenses the Guide for orientation. It is not a substitute for the Guide, and it is not legal, accounting, tax, employment, insolvency, regulatory, or denominational advice.

Organizations should seek appropriate professional advice before decisions involving dissolution, merger, amalgamation, asset transfer, restricted funds, employment, real property, debt, insolvency, charitable registration, member approvals, funder obligations, denominational requirements, or regulatory filings.

Where this primer and qualified professional advice disagree, the advice wins. Where this primer and the Guide appear to disagree, the Guide governs.

This primer stands on English common law and the federal framework most Canadian charities live under: the *Canada Not-for-profit Corporations Act* and the *Income Tax Act*. Where an organization is incorporated provincially the principles hold and the details differ, and the Toolkit edition for that province carries them. Quebec, under the Civil Code, is a different system, and the Quebec edition carries it.

The scene carried here from the Guide is a fictionalized composite, drawn from recurring patterns in Canadian charitable and not-for-profit organizations. It does not depict any single person or organization, and names, settings, timelines, and identifying details have been changed, combined, or invented.

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*Write to us if you want the Toolkit licence, if you have carried an organization through an ending and would tell us what we have missed, or if you think we have got something wrong: info@publicbenefit.ca*

# Welcome

You are most likely one of two people.

You may be a professional: a lawyer, an accountant, a consultant, an officer at a funder. Organizations reach you late. Almost nobody plans to wind down, so the file usually arrives already in trouble, under time pressure nobody chose. Take this as an orientation to work you know but may not do often. The principles come from others in your position, most of whom do not specialize in this either.

Or you may be the other reader, and there are many more of you. Nothing has visibly gone wrong. The filings go out. The meetings happen. But something is not right, you have not found words for it yet, and you are not sure whether saying it out loud would be disloyal to people you think well of.

If that is you, start at the five situations. One of them will be closer to yours than the others, and naming it is not a decision to end anything. It is the sentence that lets a board discuss what it is actually facing. And it names the part of what you have been carrying that was never yours to answer for.

English may not be your first language, and the law that governs charities here may not be the system you grew up with. That is ordinary in this sector, so expect short sentences, and a term of law explained on first use.

One more thing. Public Benefit Canada is new, so how does a company this young get to say any of this? By offering nothing new. The guidance in these pages is already known, held by experienced people across the sector; the law has stood since Canada began registering charities, and how an ending is carried out was worked out by the people who carried them. What is new is how it is collected and presented, because the sector has no way of keeping what its most experienced people know: when they retire it goes with them, and the next board starts from nothing.

PART I

# Facing the Question

*The question arrives in many ways. Sometimes as a slow dawning, sometimes as a cold quick cut.*

However it arrives, the first work is the same: to look at the question squarely, before anything is decided about it. That is harder than it sounds. A board facing a hard future reaches for the future itself, for the choice it thinks it has to make, and assumes its own capacity to make that choice is simply there, the way you assume the lights will come on when you walk into a room. Usually they do. Sometimes they do not, and the absence shows only when something finally has to be decided and carried out, and cannot be.

Two things are easily mistaken for each other here. That an organization still exists is a matter of record: a registration, a bank account, a roster of names. That it can still govern itself is a living capacity, and it can be gone while every record says otherwise. The question is not whether the organization is here on paper. It is whether it is here in the room, where the deciding happens.

So this ground comes before the options. Before any road ahead is worth weighing, a board has to be able to see where it stands, and to say it out loud.

ELEMENT 1

## The two meanings of charitable ends

*Hold both meanings of an ending at once, so the question stops feeling like a betrayal.*

Charitable ends are two things at once, and a board has to hold both. That is the difficulty. A charity's purposes are the public benefit it exists to advance, the reason people gave it their time and money and trust, and those purposes do not expire when the organization carrying them runs out of room. But organizations also come to their own ends, and that ending is rarely a single event. It is gradual, and usually unnamed: the place becomes smaller and quieter, more dependent on one or two people, less able to make a decision that holds. The legal structure remains. The living organization has changed.

Held apart, the two meanings make an ending feel like a betrayal. A board with only the first meaning in view hears the question as an accusation: were the purposes not important enough, were the years wasted. Held together, the question changes. A board asking whether to end the organization is not asking whether the purposes still matter. It is asking which vehicle carries them next, and whether the one it has can still do it.

None of this is a matter of disgrace. Scandal and collapse exist, and most endings are quieter than either. A camp still opens because one person knows where everything is. A church has assets and no leadership bench. Those are not failures of caring. More often they are what caring looks like after it has been carried too long without enough structure underneath it. A board that can say that plainly is working from what is true.

— **Guide:** Preface



ELEMENT 2

## See clearly, decide properly, act carefully

*Walk the four movements in order, so each decision rests on the one before it.*

One road runs through all of this, walked in four movements, and the Parts ahead walk it in order.

First, **see clearly**, the work of the first three Parts. Before a board can decide how anything ends, it has to know whether it can still decide at all, what situation it is actually in, and what is true about its money, its standing, and the promises it has already made. The movement ends with a floor of fact a decision can rest on.

Then, **decide properly**, the work of one Part alone, because a decision deserves a room of its own. Name the decision: continue, change form, or wind down; test it, and record it so that it holds.

Then, **act carefully**, the long middle of the road. Carry the decision out, steady the ground, honour the obligations, tell the people affected, bring in the right help at the right time, and take the two separate steps that actually conclude an organization.

And last, **carry what remains forward**, where the road ends: the narrow responsibility that outlives the roles, the knowledge worth keeping, the relationships in their altered form, and the purpose, placed in good hands.

They are not four separate projects. Each movement produces what the next one needs: the facts make the decision possible, the decision makes the work lawful and owned, and work done properly leaves something worth carrying forward. The order matters more than the pace, because a movement skipped does not disappear. It waits.

— **Guide:** Preface; Part I

ELEMENT 4

## Decision capacity, not governance capacity

*Find out whether this board can still see, decide, and act, before anything leans on its authority.*

The threshold is narrower than it first sounds. Not governance capacity, the full work of running an organization, but **decision capacity**: can this board still see clearly, decide properly, and carry a decision out? A board can have lost the capacity to run ordinary operations and still have exactly enough left to make the one decision an ending requires. The point is to find out which, before leaning on an authority that may not be there.

Commitment is not capacity. A board can be made up entirely of devoted, capable, loyal people and still have lost the machinery that turns concern into a decision and a decision into action. When that machinery is gone, commitment does not stand in for it. It only hides the absence a while longer.

The machinery has three parts. **Sight** is the board's own picture of its situation matching the real one, and its test is plain: whether the thing everyone already knows, and worries about in the parking lot, can be said out loud in the meeting, on the record. **Authority** is the line between a group of people talking and a body making a decision the organization can rely on: the directors properly in office, a quorum that can meet, the standing to bind. **The ability to act** is a particular person, with the time, the records and the standing to carry out what the board decided.

Together they are one capacity. A board sees so that it can decide, decides so that someone can act, and what was done comes back to the table as the next thing to see. While that wheel turns, even a tired organization can make a decision that holds.

— **Guide:** Chapter 1 · **Vignette:** *Tuesdays and Thursdays* · **Toolkit:** test whether this board can still act, on the record



ELEMENT 5

## Name the condition first

*Check whether seeing, deciding, and acting still connect, so repair comes before any choice of future.*

The first condition, and the most common, is not a missing part. It is disconnection. Each part of the machinery can still work on its own. The board still sees: everyone in the room knows what is happening. Authority still exists: the corporation stands, the roster has names on it, the meetings are called. Someone still acts: one faithful person keeps the doors open, signs what must be signed, covers what nobody else picked up. What is gone is the connection between them. Seeing no longer reaches a decision. Decisions no longer reach anyone's hands. Action runs on without a decision behind it. Nothing looks broken, and nothing works as a whole.

The comfort of the working pieces is what hides it. A paid-off building, a healthy reserve, a program that still runs can make the absence of a decision feel responsible, because nothing is visibly failing. An organization that continues because its parts still turn, rather than because it has decided what it is for, has stopped steering.

So name the condition first. Where the parts have come disconnected, the task is not to choose a future but to restore the capacity to choose one, because a decision made by a body that cannot practically or lawfully make it will not hold, and everything built on it inherits the flaw.

That restoration is concrete work. Confirm who the directors actually are, whether they can still meet with quorum, and whether the corporation still stands on the public record. Authority does not only migrate toward the few willing to carry it; it also lapses. Terms quietly end. A vacancy goes unfilled. An election falls due and is not held. Reconnect those, and the wheel can turn again.

— **Guide:** Chapters 1, 4 · **Vignette:** *Not Mary's Keys* · **Toolkit:** name the condition, and what has to be restored before a choice

PART II

# Naming the Ending

*Endings arrive in a small number of recurring patterns. Naming which one is at the table changes what the board does next.*

The hardest thing about being inside a failing organization is that it so rarely feels like failure. It feels like difficulty. A hard season. A funding gap that has not closed in three years. A founder carrying too much. A camp that still opens every July. Every one of those facts can be true, and none of them yet tells the board what kind of situation it is in.

That gap is expensive. Solving the wrong problem is one of the most reliable ways to exhaust an organization already running thin. A board can spend money on what is really a structural problem, or treat a fading organization as a temporary lull because one faithful person still knows how to open the doors. Each response looks practical in the moment. Each spends the time, trust, money and people a responsible transition would need.

What a board needs before it can choose a path is not the whole history. It is a shared description of the condition in front of it, precise enough that everyone understands what problem they are actually deciding about. The condition has a name, and finding the right one is how a room stops solving the wrong problem.



ELEMENT 7

## The five situations

*Say which of the five situations is at the table, so the room stops solving the wrong problem.*

A board rarely reasons its way to its situation; the marks are already in the record it keeps, and that record is also one it shows, since the annual return is public. Most organizations carry pieces of several. The task is to name the one shaping the choices that remain.

1. **The board cannot decide.** The same matter under new names across four agendas; a decision deferred again because the one person who could make it was not there.
2. **The work still matters, but the organization may not.** Steady demand, thinning capacity; the work now carried by one person, or better handed to another body.
3. **The environment has shifted.** Declined grants, funders asking for outcomes the work was never built to report, a framework it no longer fits.
4. **Good work has become unsustainable.** A budget that never funded the real cost, balanced on unpaid effort and a reserve drawn down to cover the year.
5. **The place is fine, and it is doing a fraction of what it could.** The same programs at the same scale year on year; a building insured and maintained, and no minute in a decade about its use.

One of these is not like the others. **A board that cannot decide is not facing a kind of ending; it is facing the thing that must be settled before any ending or continuation can be chosen at all.** Name that first.

— **Guide:** Chapter 2 · **Vignette:** *Item Seven* · **Toolkit:** name which of the five situations you are in, by motion

ELEMENT 8

### Fit versus performance

*Separate pressure from misalignment, so no one carries the conditions as a failure of character.*

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**The board's task is to distinguish pressure from misalignment.** Pressure means the organization is still doing the right work in difficult conditions. It may need more money, better systems, clearer roles, or temporary relief. Misalignment means something deeper has happened: the conditions the organization needs in order to do its work responsibly no longer match the conditions under which it must operate. More effort can keep the organization moving for a while, but effort does not close a gap that is structural.

This is where boards lose time. They look for internal causes, because internal causes feel like something they can fix. Costs are cut. Staff are asked to stretch. Grant language is improved. Each adjustment is reasonable on its own, and together they hide the larger fact, which is that more of the organization's life is going to adapting to the system than to serving its purpose. Adaptation changes how the work is done so that the purpose can still be served. Distortion changes the work itself so the organization can keep fitting the system.

And this is where good people take on a weight that was never theirs. The funding world you were built for changed. The people who once filled boards aged out of the work. The world the organization was made to serve moved without sending notice. You have been carrying the failure of those conditions as though it were a failure of your character. It is not. Set that part down. The next step is not blame. It is to see clearly.

— **Guide:** Chapter 6 · **Vignette:** *None of These* · **Toolkit:** test whether the conditions changed or the work underperformed

PART III

# Knowing Enough to Decide

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*A board cannot decide on what it has not established. These are the facts about money, timing, and standing that a decision rests on.*

A named situation still needs a floor of fact beneath it, and the facts are usually scattered. One director carries the cash position in her head, and no one else knows where the rest of it lives. Knowledge settles that way in most organizations: in pieces, in people, in the places it happened to land. A hard decision is simply the first occasion that asks for all of it at once.

Perfect information rarely arrives, and almost never on time. A board can spend the last of its runway chasing a certainty it does not need and will not get, and the chase feels responsible right up until the money runs out.

There is a claim underneath everything ahead, and it is permission rather than indulgence. You already know how to do this. You are people who run households, settle estates, weigh evidence, and decide things that matter without waiting for every fact to be in. That is not a lesser form of thinking. It is competence, and a board may trust it. What keeps it from sliding into guessing is a single discipline: not all gaps are the same.

ELEMENT 14

## The governed pause

*Build the pause with all five parts, so the waiting is a decision and not a drift.*

No board ever passes a motion to drift. The condition arrives in reasonable sentences. We need more information. We should consult more widely. We are not ready. We do not want to rush this. Each may be true the first time it is said. The danger begins when they become a place to live, and gathering information quietly stands in for the decision it was meant to inform.

A pause is governance only if it carries five things: a reason the board can state, an end date set now rather than later, a trigger that would end it sooner, an owner who holds it and brings it back, and a consequence the board has accepted if the date arrives and nothing has changed. Built that way, the waiting is a decision the board can defend. Missing any of them, it is drift with minutes.

One line binds the fifth. The pause has to end before any payroll, remittance, funding, safety, insurance or contractual deadline would take the choice out of the board's hands. Past that line a board does not accept a consequence. It receives one.

And waiting is not free. While the board holds, the options close, reserves are spent, and capable staff read the silence and quietly begin to make their own plans. Some obligations begin to reach the directors personally. The people doing the work feel it first. Silence can feel protective from inside a boardroom, and to the people living inside the uncertainty, silence is its own alarm.

— **Guide:** Chapters 3, 13 · **Vignette:** *Out of Season* · **Toolkit:** the deliberate pause record



ELEMENT 17

## The latest responsible decision date

*Set the latest responsible date and protect the exit fund, so the choice stays the board's.*

Two disciplines protect the ending. The first is the **latest responsible decision date**: the point past which decisions are forced rather than chosen and exit costs rise.

Finding it begins with available cash, which is not the bank balance. Available cash is the money a board can actually use for general purposes without breaching donor terms, funder agreements, trust restrictions or other commitments. Money can be wholly present and still not available. Runway is that available unrestricted cash divided by the monthly obligations that have to be met, and it is simple arithmetic that changes the conversation. A board that cannot state its runway in weeks or months is still discussing its finances at the level of impression. There may be urgency in the room, or confidence, or resentment, or hope. None of those is a number.

The second discipline is the **exit fund**. Ending well costs money: final payroll, the entitlements the law requires, the lawyer and the accountant, the last filings. The grants that paid for the work will not pay for the end of it, not, at least, without being asked, and some funders, told the truth early, will help. But asking takes time, the answer may be no, and the fund cannot wait on either. The money for a responsible ending is set aside before a dollar goes to an unconfirmed plan to continue.

Hope is not the enemy here. It becomes dangerous only when a board lets it outrank the runway. Set the decision date, name what information would actually change the decision, protect the fund, and take on no new commitment that makes a clean ending harder.

— **Guide:** Chapter 10 · **Vignette:** *Thank You for Your Service* · **Toolkit:** the decision-date worksheet

ELEMENT 18

### The order of payments when you cannot pay everyone

*Ask the three insolvency questions at today's numbers, so the law's order is confirmed before anyone is paid.*

Paying the people first is right when the organization can meet everything it owes. When it cannot, the order stops being a question of who deserves it most and becomes a question of law, and at that point it is no longer the board's to set.

Insolvency is arithmetic before it is law, and three questions find it, asked at today's numbers and answered honestly. Can the organization pay each obligation as it generally comes due, without reaching for money that is restricted or held in trust? At honest value, would everything it owns cover everything it owes, counting the cost of ending well? And are those answers better this month than last, or worse? A no to either of the first two means the line may already be crossed, and confirming that is a professional's work rather than a board's hope.

Two signs say the line is near whatever the arithmetic shows. The board has begun choosing which bills to pay this month. Someone has wondered aloud whether the remittance could wait. Both are the decision already leaving the room.

Once an organization may be unable to pay all it owes, preferring one creditor over another can be unwound later and fall back on the directors. Paying the beloved supplier ahead of the Crown, or the loyal partner ahead of the payroll, is not kindness. It is a transaction that can be undone at the moment the organization can least afford the undoing. So the board confirms the order the law requires before it pays, not after. If the organization may soon be unable to meet payroll, source deductions, or other liabilities as they come due, get legal and accounting advice before making further spending decisions.

— **Guide:** Chapters 11, 18 · **Toolkit:** the order-of-payments check

PART IV

# Making the Decision

*A real decision is named, validly made, recorded, and assigned. Anything less produces relief in the room and confusion after it.*

Boards spend months near a decision without making one. They discuss. They inform themselves. They form a working group. None of it is the decision, and from inside the room all of it feels like progress.

What separates the two is that a decision has to become specific enough to carry: specific enough that the people who were not in the room can act on it, and that the people who were can agree afterward on what was chosen. Short of that, a meeting produces relief, consensus, even direction, and still no decision the organization can rely on.

A deliberate pace is still open to the board. What has to end is hiding the decision inside process. A board does not need complete information to decide. It needs enough, and enough is what it has just gone and gathered. What changes now is that the board stops gathering and chooses: name the decision actually before it, test whether the conditions for a valid decision are present, then make it, record it, and assign it. That is the work a board in this position has most wanted to avoid, and it is the work that ends the avoidance.

ELEMENT 21

## Continue, change form, or wind down

*Choose one road on purpose, so drift does not choose it for you.*

There are **three roads**, not points on a line. *Continue*, in a defined and sustainable form, which is itself a real decision and not merely the absence of one: the board has to be able to say what continues, at what scale, with what money, through whose work, and when the decision comes back. *Change form*, by merger, amalgamation, transfer or affiliation: what moves, what remains, who must agree, and what obligations follow the work into its new home. Or *wind down*, into an orderly conclusion, which means neither panic nor disgrace: the work completed, the obligations met, the people told, the assets and records handled, under named authority.

Each carries different consequences, timelines and obligations. Keeping every door open, the strategic pause, the endless transition planning, feels merciful, because closing a door feels like loss. But some doors have already closed, and others are closing because no one named the decision soon enough to hold them. Choosing all three at once and calling it prudence is the most common way a board avoids deciding while believing it has been careful. Waiting can stand in for a road, but only when it is built as a decision in its own right.

And the decision is being made either way. That is the part most boards miss. Drift has already chosen, and drift is the worst possible author of the choice, because it decides by default, harms by omission, and signs nothing. The only question left is whether the board takes the decision back, so that it can be made on purpose.

— **Guide:** Chapter 13 · **Vignette:** *Two Columns* · **Toolkit:** the three-roads worksheet



ELEMENT 22

## The four elements of a real decision

*Test the four conditions aloud before the vote, so the decision survives the meeting.*

Weeks after the meeting, someone says it: I thought we decided that. The sentence is one of the most reliable signs that a board did not make a decision at all. The room reached agreement, expressed a preference, or found language everyone could live with for the evening. None of that is a decision the organization can prove it made, and the difference feels technical right up until a funder asks for the resolution.

A valid decision is not made of feeling; it is made of **four things**. *Authority*: a properly constituted board, quorum confirmed before the vote, conflicts declared and, where required, the conflicted director stepping out, and where authority has migrated to one person, the earlier work comes first. *Sufficient shared information*: not complete information, which never comes, but enough verified facts, held in common, that every director is voting on the same decision rather than on their own private assumptions. *Clarity*: two directors reading the motion alone would understand the same thing by it. And *a genuine intention to act*: an owner, limits, a report-back, and the financial readiness to carry it.

Three of the four produce only the appearance of a decision, the kind that dissolves a month later into everyone's separate memory of it. So before a vote that will bind the organization, the chair slows the room long enough to test the decision aloud, one condition at a time.

Comfort is not among the four. Disagreement does not invalidate a decision, and a recorded dissent is a director's right; unanimity is not required unless the governing documents or the law demand it. What weakens a decision is never dissent. It is one of the four conditions, missing.

— **Guide:** Chapters 13-15 · **Vignette:** *Two Columns* · **Toolkit:** the decision record

ELEMENT 23

## Authority to decide, and to conclude

*Confirm who must approve before the board acts, so the ending is not undone by a missing yes.*

The authority to operate is not always the **authority to conclude**. Formally ending an organization, transferring a major asset, moving restricted funds, or changing corporate status may require more than an ordinary board resolution: a members' vote, a regulator's confirmation, a denomination's approval, sometimes a court. The board confirms who must approve before it acts, not after.

There is a second half to this that boards miss even when the room is properly constituted. The authority to begin a process is not always the authority to finish it. A board can investigate, negotiate, prepare and recommend a wind-down while the final approval still belongs to the members, or to a parent or denominational body. The motion and the minutes should say which decision is being made now and which approval is still to come.

Finally, a decision is complete only when it is **recorded**, because the record is the form in which it survives the meeting. It is also how an organization proves, to itself and to anyone who asks, that authority was actually exercised. A resolution unminuted might as well not have been made. The motion names the decision, not the direction. Authorize transfer discussions is not approve a transfer. Prepare a wind-down plan is not decide to wind down.

The plainest test comes after the meeting. Could every director write the same sentence, beginning, today the board decided to? If the sentences would differ, no decision has yet been made. The board may have had a useful discussion, and it may have narrowed the options. Neither is the same as deciding.

— **Guide:** Chapter 13 · **Vignette:** *Two Columns* · **Toolkit:** the approvals map

PART V

# Doing the Work

*The decision leaves the meeting and becomes work. Obligations are named and honoured before anything else moves.*

Implementation is many kinds of responsibility moving at once, and all of it is quieter than the vote. It happens in assignments, notices, records, and the ordinary disciplines that keep a difficult decision from dissolving once the room has emptied.

The temptation is to call all of it implementation and move quickly. The single word flattens several disciplines into one, and a board that cannot tell them apart will reach for the easiest and leave the most urgent until last. There is an order. Who carries the decision comes first, because nothing else moves until someone owns it. Then steadying the ground, so that motion does not create new harm. Then the obligations that outlive the decision, which do not wait to be noticed. Then telling the people affected, which is part of meeting those obligations. Then the long middle, where the visible energy fades and what is left still has to be finished.

None of it is one board's to do alone, and the competent response is not to try but to bring in help. Bringing in help does not move the duty. What the board cannot do, it hands to people who can. What it cannot hand off, the governing and the responsibility, stays exactly where it has always been.

ELEMENT 26

## The obligations register

*Gather every obligation into one register, so nothing owed is discovered after it is due.*

A decision does not reduce an organization's obligations. It makes them visible. After a hard decision there is often a quiet expectation that things will begin to ease, and the opposite is usually true: once the direction is named, the board can see what still has to be honoured.

An obligation is whatever survives the decision: a promise, a debt, a filing, a restriction the organization did not choose and cannot wish away. Some are legal, some contractual, some regulatory, some relational. All of them go into one place, an **obligations register**: the obligation, who it is owed to, its source, the amount or action, the date it falls due, the owner, and whether advice is needed. Where a line cannot be filled in, that blank is the next thing to find out, because an unknown obligation is not harmless for being unknown.

Two of them hide in plain sight. **Funding agreements** can carry clauses triggered by the decision itself: a merger, a transfer, a wind-down, a change of control, or a substantial change in activity can set off repayment or the return of unspent funds, so they are read before the first funder conversation rather than during it. And the regulator's **accounts do not close themselves**. A payroll or GST/HST account stays open, its duties live, until it is actively closed with the final returns filed. Stopping activity is not ending legal existence.

The relational and program obligations continue too. A program is completed, concluded with notice, or transferred, and the duty to protect personal information does not end when the program does.

— **Guide:** Chapter 18 · **Toolkit:** the obligations register



ELEMENT 27

## Where liability becomes personal

*Map where liability becomes personal and remit the trust money first, so nothing follows the directors home.*

Some of what an organization owes can reach the people who governed it, and the first work is a **personal-liability map**. Payroll source deductions, the income tax, CPP, and EI withheld from pay, and GST/HST are not ordinary payables. They are held in trust for the Crown. They were never the organization's money to spend, even on wages, and if they go unremitted they can follow the directors home personally. They are tracked separately from everything else, and this is the one to take advice on early rather than late.

The instinct to pay the people first is a good one, and acted on at the wrong moment it lands the liability on the directors themselves. Where the money may not stretch to everyone, the trust money cannot be redirected to anything else, wages included, however much a board would rather protect its own people with it.

What the law rewards is not attention for its own sake but the care that prevents the failure: the care a reasonably careful person would take, in time, to see that money held in trust is remitted and wages are paid. That is a reason to stay at the table rather than to leave it.

And it is worth naming plainly that a director's exposure for unremitted source deductions and GST/HST can run for roughly two years after they leave the board, and that some exposures, employment, privacy, the duty of care owed to young or vulnerable people, can surface later still.

— **Guide:** Chapters 18, 28 · **Toolkit:** the personal-liability map

PART VII

# Ending Well

*The last steps are the ones that protect people and honour purpose. They are taken in order, and each is its own process.*

By now a board has done the work most people picture when they picture a hard ending. It has faced the condition of the organization, made the decision, carried it, and learned where professional advice belongs. The organization is smaller now, and quieter. It may already feel nearly finished.

That feeling is the danger of this stretch. The work that remains is the most formal of all of it, and it falls in the weeks when the organization is at its most tired and least able to recover from what gets missed. Much of the technical detail belongs elsewhere, in professional advice and in the organization's own records and governing documents. What has to be held here is the discipline of finishing: confirming rather than assuming, and taking the last steps in the order the law sets rather than the order fatigue suggests.

Ending well is the last expression of care in the process itself: a board making sure the decision it reached has been completed, with the evidence, the stewardship, the memory, and the formal responsibility all intact.



ELEMENT 35

## Discharge liabilities before distributing assets

*Confirm every liability is discharged before any asset moves, so the generosity stays lawful.*

After the decision is carried, what remains is completion, not a mood. Basically done is not done, and it is in these tired weeks that a missed step costs most.

The order is not negotiable. **Liabilities first, distribution second.** That order was set where the obligations were faced, and here the board's task is to confirm it was honoured. Confirm that the source deductions and the GST/HST held in trust for the Crown were remitted and not redirected, however worthy the cause that would have received them. Confirm that creditors were paid in the order the law required, not the order sentiment preferred. Confirm the destination before the vote rather than after it.

The warmth of passing something on is exactly what obscures this order, which is why it is set down as a sequence and not as a principle. Directors who approve a distribution the governing statute does not allow can be required to restore it out of their own money, whatever the cause that received it was worth.

And if an honest accounting shows that what remains will not cover what is owed, treat that as the signal it is. The organization may be insolvent, the order of payment is no longer the board's to set, and the moment calls for advice before any asset moves toward the door.

The sequence serves the generosity it seems to delay. It makes the gift lawful, and a lawful gift lasts.

— **Guide:** Chapter 25 · **Vignette:** *Boilers and Meth* · **Toolkit:** the closing sequence checklist

ELEMENT 36

## The charitable asset-lock

*Read the documents before the last asset decision, so charitable property stays on its lawful route.*

Only then does distribution follow, and it follows a lock. A registered charity's remaining assets must go to **qualified donees**, this holds in both tax law and corporate law, and the **revocation tax** is the consequence the law attaches to charitable property that does not flow to charitable use. A qualified donee is a category under the *Income Tax Act*: registered charities and certain other bodies able to receive the assets of a winding-up charity. The revocation tax is what the Act attaches to charitable property not transferred to an eligible donee in time, and it is why sequencing matters at conclusion.

Underneath the lock is a plainer rule. Possession is not permission. An asset sitting in the organization's account, building or files is not, for that reason, the board's to use however the ending makes convenient. A fund may be restricted. A building may be subject to trust terms, member approval, denominational authority or statute. A board-designated fund may be easier to redirect than a donor-restricted one, and the difference has to be known before the board acts.

So this is not governed from memory. Memory matters, and it cannot carry the last asset decision alone. What the board needs is the document itself: the title, the trust language, or advice from someone qualified to read it. A mistaken assumption in ordinary operations can be corrected later; a mistaken transfer at the end may not.

Where a restricted gift can no longer be honoured as written, redirecting it may engage the doctrine the law provides for that purpose (cy-près), and that is counsel's ground rather than the boardroom's.

— **Guide:** Chapters 25, 27, 31 · **Vignette:** *Boilers and Meth* · **Toolkit:** the distribution plan



ELEMENT 38

## Operational cessation is not legal conclusion

*Finish both conclusions, the registration and the corporation, so a stopped organization does not quietly live on.*

The last distinction is the one most often missed: **operational cessation is not legal conclusion.** The work can stop entirely, programs ended, staff gone, the office dark, and the organization still exists. A registered charity that has ceased its activities is still registered until the CRA accepts its final returns and closes its accounts. A corporation that has stopped everything still exists until it is dissolved under the statute it was made under, with that statute's own approvals and notices. Stopping is neither ending. There are three endings here, and only the first happens on its own.

Each legal conclusion is its own process, with its own regulator, and completing one does not complete the other. A charity can lose its registration while the corporation lives on; a corporation can be dissolved with the registration still open, and neither regulator will notice for the other.

The order matters, because every step the ending still needs is an act of the organization, and the organization is the thing being brought to an end. A signature needs someone with authority to give it; a filing needs a filer. So the registration is settled while the corporation is still alive to sign for it, the accounts close last because everything clears through them, and someone keeps authority to the very end, to sign the last documents, answer the regulator and close the accounts. Taken out of order, a step does not become harder. It becomes impossible.

Before the final meeting, someone should also say plainly, on the record, what the organization was and what it did. Not a eulogy: a statement.

— **Guide:** Chapter 27 · **Vignette:** *Twice, the Way She Did* · **Toolkit:** the closing motions

PART VIII

# Carrying What Remains Forward

*The organization ends. What it was for is placed in hands that can carry it.*

By now the organization has been brought to a proper conclusion. The decision was made and carried, the obligations met, the assets handed on, the records closed, the registration and the corporation wound up. The board's authority has ended, and the roles with it. That release is what all the work was for.

An organization leaves more than a trace. Its decisions remain in the record, its knowledge in the people who carried the work, its relationships in altered form, no longer the organization's but still alive in the lives it touched. All of it deserves attention, and none of it carries authority. The ending holds only if that difference holds: nothing the organization leaves behind may harden into a shadow of it.

What remains beyond this point is no longer obligation. It is what care chooses to do with what is left, and the whole of the work here is proportion: to let the organization end without pretending that nothing of it remains.



ELEMENT 41

## Good heirs

*Place the purpose in hands that carry the function, while there is still someone to do the giving.*

Last, the purpose. The vehicle is mortal; the purpose can travel. An ending is the rare moment an organization can choose its inheritance, and the recognized heads of charity it served (the relief of poverty, the advancement of education, the advancement of religion, and other purposes beneficial to the community) are more persistent than any single organization.

A **good heir** is not simply a worthy cause. It carries the function the work answered, not the form it took. It is meeting that need now, where the purpose is alive, not remembered. It can steward what it receives. And the recognition is the outgoing community's own to make: the blessing has to be theirs to give, or a handover curdles into a mere transfer.

Where the search happens matters, though it does not move the test. One ending is surrounded by organizations of a size to receive what is offered; another sits among a thin scatter of small ones, a long drive apart. Where stewards are plentiful the work is discernment; where they are few it is patience and range, looking further in kind and distance than instinct suggests, never lowering the marks to fit what happens to be nearby.

But love does not override the law that protects the gift: the heir must be a qualified donee, or the gift must travel by the redirection the law allows when the first purpose can no longer be served; donor restrictions still bind; and everything owed is settled first, the creditors and the trust money paid before any asset moves. An heir receives the surplus of purpose, never a way around the debts.

— **Guide:** Chapter 31 · **Vignette:** *The List He Finally Wrote* · **Toolkit:** the heir selection worksheet

# Checking Any of This

A hundred and fifty-five notes sit at the back of the Guide, each naming the ground it stands on: the section of the Act, the regulator's guidance, the case. Find any claim, and the note beneath it says what to look up and where the rule stops.

They were written for the professional in the room: the lawyer, the accountant, or the auditor a board has brought in. Begin at the back and read forward. The law is named to its section, and the line is marked where the law ends and judgment starts.

The scenes are for the other person at the same table. Governance, or its language, may be new to them. They will not always be able to name the situation they are in. They will know exactly how it feels. A scene that lands close to home is the chapter to bring to the next meeting: recognition comes first, and the vocabulary follows it.

Both people are at the table, and they need different doors into the same book.

And a word about its size, because three hundred and six pages can look like homework. About a hundred and seventy pages teach; fifty more are stories, which read themselves; the rest is reference, forty-six pages of Notes with an index, the sources, and a glossary behind them, consulted rather than read. It is built for a digital age, searched on a screen, and printed for those of us who still like to hold a glossary.

# Where to Go Next

**Read the Guide.** *Charitable Ends: A Practical Guide to Ending Well in Canada's Charitable Sector* gives the reasoning behind each turn, holds every legal claim to its source in the Notes at the back, and tells the stories.

**Put the Toolkit in front of your board.** Where the Guide explains, the *Charitable Ends Toolkit* equips: worksheets, sample motions, registers and closing steps, kept current as forms and thresholds change. It is licensed to member organizations by a motion of their own board's passing.

**Join, or ask us in.** Public Benefit Canada Inc. is a stabilization practice; most of the organizations it works with are not ending. Membership is individual; an organization reaches the Toolkit through a member its board names. We also do the work: one to one, as your coordinator appointed by your own board's motion, engaging and paying your lawyer and accountant so you sign one contract, not several, and holding the records afterward. The current terms are at publicbenefit.ca.

One last thing, and you can do it at your next meeting. Name the situation you are in. Say it out loud, and put it in the minutes. Everything here runs downhill from that one sentence.

And a word for the person this actually falls on, because it usually falls on one person. This sector is hardest on the people who care the most, and everyone in it knows that is backwards. The grinding you feel is not proof that you failed. It is the cost of carrying something real through conditions that got harder, and the conditions were never yours to control. Do not let them grind the care out of you. When this ending is done, and done well, you will still be the kind of person who shows up. Somewhere down the road, another good work is going to need exactly that.

# Why Tell Stories?

A board makes a hard decision twice: once with the mind, which follows the numbers, and once with the heart, which decides whether it can be borne. We understand better than we used to how people learn: some by reading, some by listening, some only when they see their own situation in someone else's. Public Benefit takes that seriously and builds its tools so every age, stage and style at the table has a way in.

So a scene sits here, one of sixteen the book behind these pages carries through its chapters: not decoration but the argument arriving the other way, so recognition comes first. The rooms are the sector's own, a camp a town built, a church, a community group: whatever an organization held, the questions at the end are the same.

It is a composite: nothing in it happened to anyone in particular, and everything in it has happened. Read it as you would listen to someone describe their own board, then find the page that names what you recognize.

### *Once the Only Door*

The grant application is four pages, and Ren has filled in every box but one. The work happens in a coffee shop now, at the corner table, a pen in her hand and a coffee gone cold, because the office is too full of the answer and she wanted somewhere that did not already know.

The easy boxes she filled from memory. Year established: 1983, a year she did not see; she came two decades after the people who founded it, one or two of whom still sit on her board. The year is theirs; she has only carried it, and some days she has mistaken the inheritance for a reason to keep the house exactly as it was.



Mission statement, annual budget, programs delivered, populations served: facts, all true, none of them the box that stopped her.

What makes your organization distinct?

The date is easy. It is what the date cannot hold that stops her: the borrowed rooms, the volunteer phone line answered from someone's kitchen, the men who came in through the side door because they could not risk the front, the women who brought casseroles and sat with people their own families would not visit, the names written carefully and sometimes not written at all. The hospital corridors where partners were turned away as strangers. The funerals that would not say what was in the coffin. The discipline of becoming safe before the city had any word for safety.

The distinctness question she has answered a hundred times: trust, community knowledge, lived experience, long service, arranged in the order funders reward, modest and indispensable at once. For years she was good enough at it that no one had to name what had changed. Other agencies do now what no one else would when this place began, better staffed, with clinical teams and translators and funding she could never build from one part-time desk and a board that meets around borrowed coffee. The mission did not die. It went on living in other rooms, under newer names, on staff pages where no one is missing.

The board knows this, though the knowing has been kept in phrases that ask no one to hold it: explore partnership, strengthen collaboration, review alignment, honour legacy. Motions passed. Working groups formed. Nothing changed except the age of the question.

In the box she writes *Our organization continues to provide*, and stops at *continues*. The whole argument is hiding in the one verb: continues because it still must, or because stopping would mean saying what the place has become? The line gets crossed out; the box stays empty for now. She decides to ask it out loud instead, in front of the board.

The answers come quickly. Gerald says it cannot simply vanish after all these years; he ran that phone line the first winter, and his partner's name is one of the ones written carefully. Sam says no one else understands the community the way they do, and they are not wrong. Lorraine, who was there at the beginning and has brought her wife Bev to every potluck since, looks at the question a long while and says, quietly, that people came to them when no one else would touch them.

No one corrects her language. The room knows better. It was chosen family long before the phrase came easy.

Instead she stays past the moment the meeting expects her to move on, and says the thing she has spent years helping them avoid.

"We keep answering why we mattered. The form is asking why it still has to be us."

No one fills the silence, so she says the second part, the one that costs her.

"Somewhere we decided that keeping the doors open and keeping the mission alive were the same thing. They were, once. I don't think they are anymore."

Lorraine looks at her a long time, does not argue, and says, slowly, that it would be a strange thing to grieve: a world grown safe enough that the door they opened in 1983 is no longer the only one. Strange, and not small. The room sits with it: not agreement, but the first time the two questions have come apart in the open, and no one reaches to put them back together.

The board decides nothing that night. It was never going to. But it leaves holding the harder question instead of the comfortable one, and that is not the organization that walked in.

Ren stays after the others have gone. The borrowed room's lights click off on their timer; she turns them back on. The application is in her bag, the one box empty. The pen comes out, and she writes the truest sentence she has, no longer a defence but a question.

*This organization was once the only door.*

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# The Forty-One Elements

*The numbers in this primer are the Guide's, which is why they skip. All forty-one of the load-bearing ideas are named here, in the order the book takes them up. The ones this primer develops it develops at length; each of the rest is developed in the Guide.*

### Facing the Question (Part I)

**1. The two meanings of charitable ends.**

**2. See clearly, decide properly, act carefully.**

**3. Ending well is not a betrayal of charitable purpose.**

**4. Decision capacity, not governance capacity.**

**5. Name the condition first.**

**6. Caring carried too long without structure.**

### Naming the Ending (Part II)

**7. The five situations.**

**8. Fit versus performance.**

**9. The hidden subsidy.**

**10. Demand can mislead.**

**11. Dedication as cover.**

**12. Govern the risk the work creates.**

**13. Savings, not investment.**

### Knowing Enough to Decide (Part III)

**14. The governed pause.**

**15. Asset cannibalization.**

**16. What the money is free to do.**

**17. The latest responsible decision date.**

**18. The order of payments when you cannot pay everyone.**

**19. Good standing.**

### Making the Decision (Part IV)

**20. The gap between conduct and choice.**

**21. Continue, change form, or wind down.**

**22. The four elements of a real decision.**

**23. Authority to decide, and to conclude.**

DOING THE WORK (PART V)

**24. A decision does not carry itself.**

**25. Stabilize before you move.**

**26. The obligations register.**

**27. Where liability becomes personal.**

**28. Communication is part of the work.**

**29. Operational authority and the operational lead.**

BRINGING IN HELP (PART VI)

**30. What professional help actually is.**

**31. When to bring in whom.**

**32. Advice is not a transfer of accountability.**

**33. Whom counsel represents.**

ENDING WELL (PART VII)

**34. Possession is not permission.**

**35. Discharge liabilities before distributing assets.**

**36. The charitable asset-lock.**

**37. Records are the evidence, and the custodian holds them.**

**38. Operational cessation is not legal conclusion.**

CARRYING WHAT REMAINS FORWARD (PART VIII)

**39. Responsibility versus haunting.**

**40. Devotion as dependence.**

**41. Good heirs.**

THE SIXTEEN SCENES

*A scene sits beside nearly every chapter of the book, in this order:*

*Tuesdays and Thursdays · Item Seven · Out of Season · Not Mary's Keys · Once the Only Door · None of These · The Snapped Elastic · Every Spring · Flat Hands · Thank You for Your Service · Loose Sheets and Envelopes · Two Columns · Boilers and Meth · Twice, the Way She Did · The Phone Numbers · The List He Finally Wrote*

GOVERNANCE · CANADIAN CHARITIES AND NOT-FOR-PROFITS

**Ending well is not a betrayal of your charitable purpose. Sometimes it is the last responsible expression of it.**

**A Primer to Charitable Ends** introduces a decision pathway for boards and leaders of Canadian charities, not-for-profit organizations, churches, and community bodies asking whether the organization can still continue responsibly.

It asks first whether the board can still see clearly, decide properly, and act carefully, because everything else waits on that. It names the five situations by which the question usually arrives, so a room can stop solving the wrong problem. And it holds the roads open honestly: continue, change form, or wind down, each a real choice, made while there is still time to choose well.

It is written for people who have lived and served together and now must decide together: enough to name the situation out loud, put it in the minutes, and know what help to ask for next, in a way that honours the work, the community it served, and the people who gave it years of their lives.

Like all Public Benefit resources, it is written in plain language, in short sentences, with every term of law explained on first use. It serves the local professionals a board turns to as well, for whom an ending may be work they meet once or twice in a career: a bridge between the board table and the help already in town.

Free to share unaltered.

**Public Benefit Canada Inc.** is a stabilization practice, and it publishes what it learns. It is invited in when a charity, not-for-profit, or community organization has lost clear ownership of a piece of work, through drift or through crisis. It steadies the work, hands control back, and leaves no new dependency behind. It works with local professionals rather than around them, most often in communities where there are fewest of them to call. The Guides come out of that work and the research beneath it. Public Benefit is a firm, not a registered charity.

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